

NAMI LOUISIANA, INC.
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2012

F. C. SCHNEIDER, CPA, LLC
A Public Accounting Firm
Baton Rouge, Louisiana

TABLE OF CONTENTS

<i>Independent auditor's report</i>	i
<i>Financial statements</i>	
Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
<i>Notes to financial statements</i>	4 - 9
<i>Special independent auditor's report</i>	
Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10 - 11
Summary of Findings and Responses	12 - 13
Summary of Prior Year Findings and Responses	14

F. C. SCHNEIDER, CPA, LLC

A Public Accounting Firm

251 Florida Street, Suite 405

P.O. Box 427

Baton Rouge, Louisiana 70821

Office/Fax 225-389-0032

Cell 225-229-4708

chris@fcscpa.com

Member
American
Institute of
Certified Public
Accountants

Member
Louisiana Society
of Certified
Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NAMI Louisiana, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of NAMI Louisiana, Inc. as of June 30, 2012, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Louisiana, Inc. at June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued our report dated December 20, 2012, on my consideration of NAMI Louisiana, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



December 20, 2012

NAMI LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 255,793
Cash and cash equivalents - restricted	15,089
Investments, at fair value	11,991
Accounts receivable	27,298
Assets held under charitable remainder trust	341,607
Other assets	1,226
	<u>653,004</u>

PROPERTY AND EQUIPMENT

Furniture, fixtures and equipment	23,575
Less accumulated depreciation	<u>(21,923)</u>
	<u>1,652</u>

TOTAL ASSETS	<u><u>\$ 654,656</u></u>
---------------------	--------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 320
Payroll liabilities	3,216

LONG-TERM LIABILITIES

Liabilities under trust agreement	152,996
-----------------------------------	---------

TOTAL LIABILITIES	<u>156,532</u>
--------------------------	----------------

NET ASSETS

Unrestricted	294,424
Unrestricted - Board designated	15,089
Temporarily restricted	188,611
Permanently restricted	-

TOTAL NET ASSETS	<u>498,124</u>
-------------------------	----------------

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 654,656</u></u>
---	--------------------------

See accompanying notes

NAMI LOUISIANA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Contributions	\$ 25,742	\$ -	\$ -	\$ 25,742
Membership dues	3,584	-	-	3,584
Fundraising revenues	38,466	-	-	38,466
Governmental grants	373,606	-	-	373,606
Other income	8,626	-	-	8,626
Dividends and interest income	197	-	-	197
Unrealized gain (loss) on investments	2,852	(17,189)	-	(14,337)
Changes in net asset restrictions:				
Released from restrictions	-	-	-	-
	<u>453,073</u>	<u>(17,189)</u>	<u>-</u>	<u>435,884</u>
EXPENSES				
Program expenses:				
Professional services	6,281			6,281
Communications	11,154			11,154
Assistance	132,259			132,259
Education and Outreach	46,150			46,150
Dues	1,295			1,295
Conferences and Seminars	4,660			4,660
Supplies	3,084			3,084
Occupancy	14,076			14,076
Salary	151,583			151,583
Employee benefits	19,873			19,873
Insurance	1,436			1,436
Fundraising	18,325			18,325
Other	385			385
General and administrative	32,028	-	-	32,028
	<u>442,589</u>	<u>-</u>	<u>-</u>	<u>442,589</u>
Changes in net assets	10,484	(17,189)	-	(6,705)
NET ASSETS				
Beginning of year	299,029	205,800	-	504,829
End of year	<u>\$ 309,513</u>	<u>\$ 188,611</u>	<u>\$ -</u>	<u>\$ 498,124</u>

See accompanying notes

NAMI LOUISIANA, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (6,705)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,008
Changes in operating assets and liabilities:	
Accounts receivable	62,267
Prepaid expenses	1,569
Unrealized loss on investment	(2,852)
Unrealized loss on investment	17,189
Other assets	(1,226)
Accounts payable	(1,262)
Payroll liabilities	(1,373)
	<u>68,615</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(316)</u>
	<u>(316)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

68,299

CASH AND CASH EQUIVALENTS

Beginning of the year	115,766
Prior period adjustment (See Note X)	86,817
End of the year	<u>\$ 270,882</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents, unrestricted	\$ 255,793
Cash and cash equivalents, restricted	15,089
	<u>\$ 270,882</u>

See accompanying notes

NAMI LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

A: SIGNIFICANT ACCOUNTING POLICIES

Organization and operations:

Nami Louisiana, Inc. (NAMI) is a nonprofit corporation whose purpose is to provide a focal point for statewide mental illness activities and issues and to provide a central point for dissemination of information on activities and issues affecting persons with mental illness. The programs include statewide support to family education and support facilitators. This is accomplished by providing educational courses.

Financial statement presentation:

NAMI reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations and are available for use at the Foundation's discretion.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the Foundation maintains the contribution permanently. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition:

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investment valuation and income recognition:

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements, (FASB 157), establishes a framework for measuring fair value through a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NAMI's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of such investments held by the Foundation at year end.

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related management fees.

Receivables:

Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.

Property and equipment:

Property and equipment are carried at cost. Additions, renewals, and betterments that extend the life of assets are capitalized; maintenance and repair expenditures are expensed as incurred. The cost of property and equipment sold or otherwise disposed and the accumulated depreciation thereon are eliminated from the property and related

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Depreciation is provided using the straight-line method over the estimated useful lives of the property, ranging from five to thirty-nine years.

Tax-exempt status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NAMI follows the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits. NAMI's open audit periods are 2009 through 2011

Advertising:

NAMI follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$1,500 for the year ended June 30, 2012.

B: INVESTMENTS

Investment in a publicly traded common stock is as follows:

	Cost	Market
Equity stock	\$ 92	\$ 11,991

Publicly traded common stock is considered level one investments in the fair value hierarchy.

The investment returns for the year ended June 30, 2012 are as follows:

Dividends	\$ 197
Realized gains	-
Unrealized gains	2,852
	<u>\$ 3,049</u>

C: ASSETS HELD UNDER CHARITABLE REMAINDER TRUST

NAMI Louisiana, Inc. is one-third beneficiary of the Anderson Remainder Trusts. Payments to the organization will be made upon the death of the income recipients. Therefore, the trusts are recorded as temporarily restricted net assets. JP Morgan of Baton Rouge, Louisiana, has been named the trustee. The estimated values are as follows:

Assets held in charitable remainder trust:

Molly Anderson CRUT	\$ 166,881
Shelby Anderson CRUT	174,726
	<u>341,607</u>
Liabilities under trust agreement:	
Molly Anderson CRUT	63,755
Shelby Anderson CRUT	89,241
	<u>152,996</u>
Temporarily restricted net assets	<u>\$ 188,611</u>

D: PROPERTY

Equipment, related service lives, and accumulated depreciation as of June 30, 2012 were as follows:

	<u>Estimated Service Lives</u>	
Office Equipment	5 years	\$ 23,575
Less accumulated depreciation		<u>(21,923)</u>
Net		<u>\$ 1,652</u>

Depreciation expense was approximately \$1,008 for the year ended June 30, 2012.

E: RELATED PARTIES

NAMI has an arrangement with one of its affiliates, NAMI Acadiana, whereby NAMI accepts donations on behalf of NAMI Acadiana for an annual walk fundraiser. The accounts of NAMI Acadiana have been consolidated with NAMI and are reflected in the financial statements. NAMI Acadiana's unrestricted fund balance as of June 30, 2012 was \$85,490. The following summarizes the activity of NAMI Acadiana for the year ending June 30, 2012 which is included in the statement of activities:

E: RELATED PARTIES (Continued)

Revenues:

Donations	\$ 10,421
Membership dues	784
Fundraising income	38,466
Miscellaneous income	1,804
	<u>51,475</u>

Expenses:

Conferences & conventions	2,049
Copier expense	427
Dues/subscriptions/fees	339
Education and outreach	20,432
Fundraising expense	18,325
Miscellaneous expense	1,228
Supplies	819
Postage	414
Rent - Office	6,925
Telephone	1,844
	<u>52,802</u>
	<u>\$ (1,327)</u>

F: ECONOMIC DEPENDENCY

NAMI derives its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on NAMI. During the year ending June 30, 2012, revenue derived from governmental sources accounted for the majority of support recorded by NAMI.

G: CONCENTRATION OF CREDIT RISK

NAMI has concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. As of June 30, 2012, the Foundation's deposits were covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

H: CONTINGENCIES

NAMI receives federal and state contracts for specific purposes that are subject to audit by the agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that NAMI's compliance with the terms of contracts will result in negligible, if any, disallowed costs.

I: PRIOR PERIOD ADJUSTMENT

During 2012, corrections of two errors were recorded to restate previously reported amounts. The first prior period adjustment related to including NAMI Acadiana's net assets with NAMI's net assets which resulted in an increase in net assets of \$86,817. The second prior period adjustment related to an error in accounting for a grant which resulted in an increase of \$10,160.

J: SUBSEQUENT EVENTS

In preparing these financial statements, NAMI has evaluated events and transactions for potential recognition or disclosure through December 20, 2012, the date the financial statements were available to be issued.

SPECIAL INDEPENDENT AUDITOR'S REPORT

NAMI LOUISIANA, INC.
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2012

F. C. SCHNEIDER, CPA, LLC

A Public Accounting Firm

251 Florida Street, Suite 405

P.O. Box 427

Baton Rouge, Louisiana 70821

Office/Fax 225-389-0032

Cell 225-229-4708

chris@fcscpa.com

Member
American
Institute of
Certified Public
Accountants

Member
Louisiana Society
of Certified
Public
Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
NAMI Louisiana, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of NAMI Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued my report thereon dated December 20, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of NAMI Louisiana, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered NAMI Louisiana, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI Louisiana, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of NAMI Louisiana, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies in internal control over financial reporting as 2012-2. A significant deficiency is a deficiency, or

a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI Louisiana, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-1 and 2012-2.

NAMI Louisiana, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit NAMI Louisiana Inc.'s response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. C. Schneider, CPA, LLC

December 20, 2012

NAMI LOUISIANA, INC.
SUMMARY OF FINDINGS AND RESPONSES
June 30, 2012

2012-1 Accounting Overview/Financial Statement Preparation

Criteria: Under U.S. generally accepted accounting principles (GAAP), an entity must have internal controls in place to ensure that presentation and related disclosures of its financial statements and related footnotes are in compliance with GAAP.

Condition: NAMI relies on its auditors to assist in the preparation of external financial statements and related disclosures.

Cause/Effect: Under U.S. GAAP, the auditor cannot be considered part of the NAMI's internal control structure, however, design of the internal control structure does not otherwise include procedures to prepare internal financial statements and related disclosures in conformity with GAAP.

Recommendation: NAMI considers using the treasurer to review and approve the external financial statements to alleviate the deficiency to be adequate and appropriate. Under this option, NAMI chooses their treasurer based on their ability to prepare or review the external financial statements, including related footnote disclosures, which are in accordance with generally accepted accounting principles.

Alternatively, NAMI continues to rely on its auditing firm to prepare the external financial statements. However, this matter will continue to be reported.

Management's Response: Management understands that this finding results from professional standards that have been adopted by the accounting profession. Management intends to continue using the auditing firm to prepare the external financial statements and related footnote disclosures.

2012-1 Accountability of Charitable Donations Received

Criteria: Charitable organizations with 501(c)(3) tax-exempt status should account for expenditure of donations and assure the expenditures are for a charitable purpose.

Condition: During my audit I observed that NAMI has had an arrangement with one of its affiliates, NAMI Acadiana, since 2008 whereby NAMI accepted donations on behalf of NAMI Acadiana for an annual walk fundraiser. NAMI Acadiana was founded in 2005 and has been working towards applying for 501(c)(3) status but has not done so yet. The arrangement was made to allow donors to deduct their donations. However, after all donations were received for

the walk, NAMI would turn over the funds to NAMI Acadiana with no oversight of the expenditure of those funds.

Cause/Effect: NAMI does not effectively monitor arrangements with affiliates nor has the expertise to evaluate the appropriateness of these arrangements.

Recommendation: NAMI should discontinue accepting donations on behalf of NAMI Acadiana or consolidate NAMI Acadiana books with NAMI's if it continues to accept the donations. This should be done until NAMI Acadiana receives its 501(c)(3) status and then and only then should funds be turned over to NAMI Acadiana. NAMI should record and report all donations and expenditures of NAMI Acadiana and implement internal controls to assure that all expenditures are for a charitable purpose. Additionally, the consolidated activity should be reported on NAMI's annual Form 990. Finally, NAMI should actively encourage and assist NAMI Acadiana with its 501(c)(3) application process.

Management's Response: NAMI has chosen to consolidate NAMI Acadiana's revenues and expenditures with theirs beginning with this year ending June 30, 2012. The accounts of NAMI Acadiana are reflected in the attached financial statements (see Note X). All expenditures were reviewed by management and they noted no exceptions as to their charitable purpose. Also, these transactions were subject to my audit procedures and found no exceptions. Management will continue to record all of NAMI Acadiana's transactions and has implemented internal controls to effectively monitor all of NAMI Acadiana's activity. In the future, management will evaluate all relationships with their affiliates to determine the appropriateness of those relationships.

NAMI LOUISIANA, INC.
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2012

None Noted